

<p style="text-align: center;"><b>RAILROAD-SHIPPER TRANSPORTATION ADVISORY COUNCIL</b> Washington DC</p>
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**MINUTES OF MAY 3, 2006 MEETING OF THE  
RAILROAD-SHIPPER TRANSPORTATION ADVISORY COUNCIL**

The Railroad Shipper Transportation Advisory Council (the "Council"), pursuant to notice, held a meeting on May 3, 2006, in the Hearing Room of the Surface Transportation Board, 1925 K Street, NW, Washington DC. The meeting was called to order at 8am.

The following members were present: Robert Pugh, Georgia Pacific; Connie Thede, Muscatine Power & Water; James Brunkenhoefer, United Transportation Union; Eric Butler, Union Pacific Railroad; Owen Zidar, Kansas City Southern Railway; Bill Matheson, Schneider National; Reilly McCarren, Arkansas and Missouri Railroad; D. J. Kratzberg, Exxon Mobil, Dean Piacente, CSX Transportation, Larry Parsons, Wheeling and Lake Erie Railway; Rick Webb, Watco Companies; Roger Fray, West Central Cooperative; Bruce Ridley, Packaging Corporation of America; Terry Voss, Ag. Processing; Francis P. Mulvey, Surface Transportation Board; William Gelston, Federal Railroad Administration.

Charles Marshall, Genesee and Wyoming and Douglas Buttrey, Surface Transportation Board, were not in attendance.

**I. Council Business**

- Members of RSTAC were informed they should not discuss the fuel surcharge issue because it would be addressed in the upcoming STB hearings.
- February 2005 meeting minutes were approved for placement on the STB website.
- Discussion was held regarding the creation of By-Laws. Members agreed to consider using the Federal Code instead. Members were instructed to review the Federal Code and discuss it at the next meeting. Vice Chair Pugh will develop member guidelines from the Code information for future reference in lieu of By-Laws.
- Discussion was held regarding the number of times the group meets annually. A motion was made for the members to meet four times a year. Seconded and approved.

**II: Financial Update**

- Financial Report was reviewed and approved.

**III: General Discussion**

- Mission Statement:
  - Discussion was held regarding RSTAC's focus on merchandise carload network.
  - Members suggested minor changes to Mission Statement and a motion was made to approve the Mission Statement with said changes and to post on the STB website. Seconded and approved.
- Capacity issue:
  - Discussion was held regarding issues affecting capacity. Specific challenges were identified such as car supply, routing protocols and operational improvements along with possible improvements or solutions including looking for areas where legislation stands in the way of progress and potential expansion of short line tax credits.

- Customers' needs were identified, along with ideas for rail to adapt to those needs. Discussed the impact of capacity issues including car supply, loss of business, high pricing and loss of freight to trucking industry. Customers need consistent service – without it they are forced to buy more cars to move the same amount of freight.
  - To improve velocity, the economic viability of reinvestment must be justified and the Class I's need to be selective about what business they take. You also need to be sure you have the right number of cars in a train and right number of trains on the network. If too many things slow down.
  - Discussed how we get to a point where we can expand capacity and where choke points are located.
  - One member voiced concern with the capacity constrained rail network that lower value commodities, like brown paper, metals and aggregates may be crowded off the network.
  - Discussion was held regarding what would the railroads see as a vision of the most efficient national railroad of the future – how would it be operated and what role would the shippers play in the success of that operation. This may be an area where a diverse Council such as RSTAC could be beneficial.
- An update was provided on data transparency. The railroads are discontinuing support for short line information systems at Railinc as RMI has been the dominant supplier which integrates its systems with the Class I systems at Railinc. Railinc is predicting an increase of 40% in the number of events reported on Steelroads when this year's project is complete synchronizing Steelroads with the events reported on individual carrier websites.
  - An update was provided on AEI Readers.

#### **IV: White Paper:**

Council feels that we should develop a white paper addressing the proposed Class I Investment Tax Credit proposal and a member volunteered to develop a draft outline of the issues that we should address.

#### **V: Fall Peak Shipper's Forum:**

- Discussion was held regarding suggestions for improvements to the AAR Shipper's Forum that will be held in September.
- Council feels this effort could be improved upon by the Class I reports being more specific in discussing where the choke points are in their systems and what steps are being taken to improve upon those areas. Also suggested that there be break out sessions for the specific commodity groups where they would have an opportunity to ask more specific questions.

#### **IV: Next Meeting – Will be held on July 12, 2006.**